



City of Santa Barbara
Airport Department

Meeting Date: 10/15/08
Item: 9

DATE: October 15, 2008
TO: Airport Commission
FROM: Karen Ramsdell, Airport Director
SUBJECT: Self-Service Fueling Status Report

RECOMMENDATION: That Commission receive a status report on the self-service fueling Request for Proposal process.

DISCUSSION:

Background

General Aviation surveys at the Santa Barbara Airport have consistently cited self-service fueling facilities as one of the most requested services desired by the Airport's general aviation community.

Over the years Airport staff investigated the financial feasibility of the installation of a self-service fuel facility. Financial analysis and advice from fuel industry operators found that such a facility would not be profitable.

Aviation Gas (AvGas) prices have continued to rapidly rise causing increased concern and a renewed request by local pilots for a self-service fuel facility at the Airport. Last year the Santa Barbara Airport Advocates hosted presentations by two companies who install self-service fuel facilities.

This year, in response to the General Aviation community's interest, the Airport requested proposals for the installation and operation of a self-service fuel facility.

Fixed Base Operators

Because of the limited space currently available on the airfield for the necessary tanks, equipment, and maneuvering space for aircraft, Airport Staff approached both of the current fuel providers, Signature Flight Support and Atlantic Aviation about construction of a self-service fueling station on their respective premises.

While the corporations gave due consideration to the Airport's request, they both declined the opportunity based on the conflict between self-service fueling and their business model.

Request for Proposals

At their December 7, 2007 meeting, the Airport Commission General Aviation Sub Committee received a report on the Airport's discussions with the FBOs regarding self-service fueling. Since there appeared to be an interest by fuel providers as well as demand by based aircraft owners, the GA Sub Committee recommended that Airport staff prepare a Request for Proposals (RFP) for a self-service fueling facility.

A draft RFP was drawn up and submitted for review and comment to the Santa Barbara Airport Advocates and the General Aviation Sub Committee. Airport staff made a site visit to the Lompoc Airport to observe the self-service fuel operation there and to gather information regarding layout and specifications needed for the fuel facility. The final RFP included comments from the GA Sub Committee, the Santa Barbara Airport Advocates, and from Lompoc's Airport Director.

The RFP was distributed to the list of interested parties, posted on the Airport website, and advertised in Airport publications, newspapers and trade publications.

Mandatory Pre-Proposal Meeting

A mandatory pre-proposal meeting was held on April 10, 2008. Six companies were present: Tierra Contracting, Sun Air Jets, MAG Aviation, Santa Barbara Aviation, Inc., Ascent Aviation, and McCormix Corporation.

Discussion at the meeting included:

1. Potential Sites

Three possible sites were discussed for the self-service fuel facility. Two were undeveloped parcels adjacent to Signature's leasehold on the east side of the Airport. The third was the former Forest Service ramp on the western end of Cook Place.

2. Project Permitting

The City's permitting process was discussed in detail. All sites require a Coastal Development Permit in addition to environmental review, a cultural resource study, and approvals by the Architectural Board of Review and Planning Commission. The review process was estimated to take about six months from the submittal to the City's Planning Department.

3. Site Visit

The meeting attendees toured each potential site. Following the meeting an Addendum to the RFP was issued to extend the deadline for questions to May 8, 2008 and extending the deadline for submission of proposals to May 29, 2008. A second Addendum was issued containing the answers to the questions that had been submitted for clarification.

Proposals

Only one of the companies that attended the pre-bid meeting submitted a proposal, MAG Aviation Fuel, 70707 Summit Valley Road, Hesperia, CA.

MAG Aviation's proposal was reviewed by a Selection Committee including Airport Commission General Aviation Sub Committee members, Airport staff, Lompoc's Airport Director, and a representative from the Santa Barbara Airport Advocates.

The Selection Committee reviewed the proposal according to the criteria established in the RFP. The Committee found that some of the items required by the RFP were not addressed to the Committee's satisfaction. These included insufficient information regarding the permitting, construction, and day-to-day operation of the facility. The Committee asked staff to request MAG Aviation to provide clarification and additional information on those items.

MAG Aviation subsequently submitted an Addendum to their Proposal. The Selection Committee reconvened on June 3, 2008 and reviewed the Addendum. The consensus of the Committee was that the Proposer had not provided the additional information requested.

The specific areas the Committee asked to be addressed in greater detail were:

- Clarification of how large an area the Proposer required and how the tanks would be placed on the selected parcel. The site map submitted showed the tanks located on ramp that was not included in the RFP site plan and was currently under lease to Signature Flight Support.
- The RFP specifically asked the Proposal provide all necessary improvements to the infrastructure. MAG Aviation's proposal relied on the Airport providing all the improvements.
- The "local" contact with primary responsibility for maintenance and testing of the fuel was located in Reno, NV. A vague idea for volunteer general aviation pilots to do the daily fuel tests in return for a fuel discount was proposed, but no specifics were provided and no local contacts had been made. The issue of training and liability for the proposed volunteers was not addressed.
- The Committee expressed the opinion that the costs of Permitting had been underestimated. No additional inquiries were made of City Planning and no adjustments to MAG Aviation's business plan were forthcoming.

- The Proposer's previous experience with Self-Service fueling was at General Aviation Airports in rural or suburban areas with no commercial service. The Committee expressed concern that the proposed market share and price of fuel were calculated based on a model that is not applicable to Santa Barbara. MAG Aviation responded with a statement that they may "vary our pricing structure once all the true costs are revealed".

Based upon the failure of MAG Aviation to provide the specifics requested, the Committee declared the Proposal non-responsive and directed staff to draft a letter to MAG Aviation stating that the Committee was exercising its option, under the terms of the RFP, not to select a Self-Service Fuel Provider.

The letter informing MAG Aviation of the Committee's decision was sent by the Airport July 29, 2008.

MAG Aviation Requests Follow Up Meeting

Upon receipt of the Airport's letter detailing the shortcomings in MAG Aviation's proposal, MAG contacted the Airport for further clarification as to the reasons the proposal was denied.

At a meeting on August 29, 2008, Airport staff met with both representatives from MAG and MAG's subcontractor, Ascent Aviation, to discuss the deficiencies of the proposal.

Based on the earnest request from MAG Aviation to allow additional time to submit more information, the Airport Director approved a 30-day extension.

MAG Aviation has submitted a 2nd Addendum to the original proposal and staff has scheduled a meeting on October 23, 2008 with the Selection Committee to review the additional information and make a final recommendation to the Airport Director.